

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: April 4, 2001
TO: Toni McCoy, Division of Regulatory Oversight *ALM*
FROM: Pete Lester, Division of Economic Regulation *PL*
RE: Docket No. 010247-TI, nii communications, ltd., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Section 364.337 (3), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications service upon a showing that the applicant has sufficient technical, financial, and managerial capability to provide such service in the geographic area proposed to be served.

Also Section 364.01 (3) and (4) states that:

(3) The Legislature finds that the competitive provision of telecommunications service, including local exchange telecommunications service, is in the public interest.

and

(4)(d) The Commission shall exercise its exclusive jurisdiction in order to: (d) Promote competition by encouraging new entrants into telecommunications markets . . .

Regarding the showing of financial capability, the Finance staff has analyzed the unaudited financial statements of nii communications, ltd. (NII) for the period ending December 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NII has adequate liquidity, sufficient common equity, and reported a loss for the period.

In this matter, NII is asking for a certificate to provide IXC service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it can obtain \$2.7 million in funding, if needed, from MCG Corporation, an affiliated company. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

cc: Division of Legal Services
Division of Records and Reporting (2)

DOCUMENT NUMBER - DATE

04354 APR-98

FPSC-RECORDS/REPORTING

DOCKET NO. 010247-TI
NII COMMUNICATIONS, LTD.
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	<u>AS OF</u> <u>12/31/2000</u>
CURRENT ASSETS	\$2,337,646
CURRENT LIABILITIES	2,434,629
CURRENT RATIO	0.96
CASH	112,525
COMMON EQUITY	1,019,522
TOTAL DEBT	1,800,000
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	2,819,522
COMMON EQUITY RATIO	36%
NET INCOME	(320,748)
RETURN ON EQUITY	NEGATIVE